



# ***INSIGHTS***

107<sup>th</sup> Congress

June 18, 2001

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***INSIGHTS*** is prepared expressly for the Department of Energy's Office of Federal Energy Management Programs (FEMP). The purpose of ***INSIGHTS*** is to provide FEMP management staff with timely information on legislative activities relevant to the program. ***INSIGHTS*** is prepared for FEMP by Energetics, Incorporated, (202) 479-2748.

# I. WEEKLY SUMMARY

## HOUSE

Energy issues play a dominant role this week with three authorization committees holding hearings on the White House energy plan:

- Committee on the Budget
- Committee on Science
- Subcommittee on Energy and Air Quality (Committee on Energy and Commerce)

Mark-up of the FY 2002 Appropriations bill for Energy and Water is tentatively scheduled for this week along with consideration by the full House of the FY 2001 Supplemental Appropriations bill and the FY 2002 Appropriations bill for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

*(Refer to Hearings Schedule chart below)*

## SENATE

Senate activities also include several hearings on energy-related issues including

- Utility price caps (Committee on Energy and Natural Resources),
- Federal role in providing just and reasonable energy rates (Committee on Governmental Reform), and
- Reformulated Gasoline (Committee on Energy and Natural Resources).

*(Refer to Hearings Schedule chart below)*

## FEDERAL ENERGY REGULATORY COMMITTEE

***CALIFORNIA PRICE LIMITS*** On June 18, the Federal Energy Regulatory Commission (FERC) voted unanimously to expand the current price limits for wholesale power in California to 10 other states in the Western region on a 24-hour basis through 2002. In announcing their decision, Commission Chairman Curtis Herbert noted that this would “provide every incentive for suppliers to reduce their costs.” Democrats and a number of Republicans from the region have been calling for aggressive action by FERC, and this week hearings will continue in the Senate to address the issue.

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## II. COMMITTEE ACTIVITY

### HOUSE

#### Comments or Action Items

***FY 2001 SUPPLEMENTAL APPROPRIATIONS*** The House is expected to begin consideration of the \$6.5 billion FY 2001 supplemental appropriations bill on Wednesday (*see Hearing Schedule chart below*). Democrats hope to reintroduce “riders” to the bill that were rejected at a full committee mark-up last week. ***The riders require action on several energy-related issues and include establishing price caps for wholesale power,*** allocating \$350 million for transmission grid improvement construction loans, increasing funding for the Low Income Home Energy Assistance Program, and additional funding for support of Army Corps of Engineers hydropower improvement projects. The full committee mark-up provides the Department of Defense with additional resources to address energy needs at DOD facilities located in the West, including \$47 million for energy conservation initiatives and \$734 million to cover facility energy expenses.

***REPUBLICAN ENERGY ACTION TEAMS*** In response to criticism from House Democrats including their opposition to provisions in the White House Energy Plan that was released May 17, the Republican Leadership has established an “Energy Action Team” composed of 15 House members led by Majority Whip Tom Delay (R/TX) and Majority Leader Dick Armey (R/TX). ***The team plans to respond on a regular and perhaps daily basis to the Democrats’ objections to the White House plan and to oppose the Democrats’ proposals dealing with current power problems in Western states.***

***FY 2002 INTERIOR APPROPRIATIONS BILL*** On June 13, the Committee on Appropriations marked up and approved the bill, which provides funding for the Department of Energy’s energy efficiency programs and National Park Service programs. Funding for these programs was consistent with the subcommittee mark-up, which was reported in the June 11 issue of *INSIGHTS*.

***FY 2002 ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL*** Mark-up of the bill, which was tentatively scheduled for last week, was delayed because of action on the FY 2001 supplemental appropriations. Once again, the Subcommittee on Energy and Water Development has tentatively scheduled a mark-up this week for programs under its jurisdiction including DOE’s renewable energy programs. Republican support for restoring funding to at least the FY 2001 level continues to increase. If renewable energy and energy efficiency programs (under the Appropriations bill for Interior) do not receive additional funds through the regular appropriations process, observers fully expect the FY 2002 supplemental appropriations to provide additional funding. ***The Administration has indicated that once DOE’s series of six public meetings on the agency’s Energy Efficiency and Renewable Energy Program is completed, the Administration expects to request additional funding for FY 2002.***

***FY 2002 AGRICULTURE APPROPRIATIONS BILL*** The House is expected to begin consideration of the FY 2002 Appropriations bill for the Department of Agriculture and the Food and Drug Administration of the Department of Health and Human Services. The full committee defeated a Democratic amendment to provide \$500 million in “emergency funding” to support a biofuels program in the Department of Agriculture. Representative March Kaptur (D/OH) plans to reintroduce the amendment this week on the House floor (*see Hearings Schedule chart below*).

***FY 2002 TRANSPORTATIONS APPROPRIATIONS BILL*** Last week, the Subcommittee on Transportation and Related Agencies marked up a \$59.1 billion FY 2002 appropriations bill. The bill includes \$600 million

for the U.S. Coast Guard's capital improvement program for acquisition, construction, and improvements; of this total, at least \$330 million is for non-facility projects. The President requested \$659.3 million for this account. The bill provides the Department of Transportation \$1.4 billion for the agency's Congestion Mitigation and Air Quality program, which supports clean transportation activities at the state, regional, and local level. **For the first time in years, the bill does not include the standard provision that prohibits the government from pursuing an increase in Corporate Average Fuel Economy Standards (CAFE).** The Administration is waiting for the results of a National Academy of Science study that is expected to provide recommendations for addressing the CAFE standards issue.

**SECRETARY TESTIFIES ON ENERGY PLAN** On June 13, Secretary Abraham testified before the Subcommittee on Energy and Air Quality on the White House Energy Plan, which was released on May 17. In his welcoming remarks, full committee chair (Committee on Energy and Commerce) Billy Tauzin (R/LA) said, "The bottom line is, this report is loaded with potentially bipartisan solutions to our Nation's long-term energy problems. Politics aside, there is a lot here that we can all agree must be done. There are very few things in this report that are controversial." However, various Democratic members of the subcommittee challenged the President's plan and criticized the cuts in energy efficiency and renewable energy programs. In his testimony, Secretary Abraham outlined the plan with the following priorities:

- **U.S. Energy Challenge** – Between 2002 and 2020, domestic energy use is expected to rise to 175 quads from the current level of 98 quads. The plan reduces the projection to 127 quads in 2020 if the White House recommendations are implemented.
- **Administration's Balanced Approach**
  - Increase supplies of energy to modernize the conservation effort by employing cutting edge technologies
  - Implement a more balanced approach to new power generation through clean coal, nuclear, and hydropower
  - Balance traditional sources of energy with renewable and alternative sources such as solar, wind, biomass, and geothermal
  - Harmonize growth in domestic energy production with environmental protection

**BALANCED ENERGY PLAN** Roscoe Bartlett (R/MD), Chairman of the Subcommittee on Energy (Committee on Science), last week issued remarks at a subcommittee hearing on clean coal, oil, and natural gas. He told those in attendance that, while he believes a balanced energy research and development program should include oil and gas production and clean coal, **"We also think that there should be additional emphasis placed on conservation and efficiency."** Chairman Bartlett has scheduled a series of hearings to examine the various aspects of the President's plan.

## SENATE

### Comments or Action Items

**STATUS IN SWITCH IN LEADERSHIP** The Democrats and Republicans continue to discuss language in a Senate "organizing resolution" that would provide the framework for the Democrats to assume leadership of the Senate. The resolution is intended to provide the Democrats with one additional seat on each

committee; the resolution is being held up over a disagreement between the two parties regarding the approval of all of the President's judicial nominees. As a result, the FY 2002 appropriations process will be delayed in the Senate, and adjournment for the year is expected to occur after the target date of October 5.

***DEREGULATION OF ENERGY INDUSTRY*** On June 13, the Committee on Governmental Affairs, which is now chaired by Joseph Lieberman (D/CT), held a hearing on the economic issues associated with the restructuring of energy industries. In his opening remarks, Chairman Lieberman said, "we need to examine the appropriate role for regulators when the market doesn't work.... I think it's fair to say if the Federal government doesn't step in and provide temporary price relief, the natural trend toward deregulation will come to a halt." **At the hearing, the Senator called for a seven-day-a-week, 24-hour-a-day price relief for the entire Western region of the U.S.** Testifying before the committee were five nationally recognized economists including Dr. Alfred Kahn of Cornell University; Dr. Severin Borenstein of the University of California, Dr. William Hogan of Harvard, Dr. Frank Wolak of Stanford University, and Dr. Paul Joskow of the Massachusetts Institute of Technology. Dr. Kahn testified that "temporary" price relief was justified at this time.

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# **STATUS OF FY 2002 APPROPRIATIONS BILLS**

(In Billions)

## **HOUSE**

## **SENATE**

<i>Jurisdiction/ FY 2002 Budget Request</i>	<i>302(b) Allocations</i>	<i>Bill No.</i>	<i>Full Cmte.</i>	<i>Floor</i>	<i>Conf.</i>	<i>302(b) Allocations</i>	<i>Bill No.</i>	<i>Full Cmte.</i>	<i>Floor</i>	<i>Conf.</i>
<b>Agriculture</b> \$ 15.409	\$ 15.519	TBA	(\$15.67) 6/13							
<b>Commerce</b> \$ 37.944	\$ 38.541									
<b>Defense</b> \$300.962	\$300.292									
<b>Energy and Water Development</b> \$ 22.517	\$ 23.704									
<b>Interior</b> \$ 18,092	\$ 18.941	TBA	(\$18.9) 6/13							
<b>Labor / HHS</b> \$115.682	\$119.758									
<b>Military Construction</b> \$ 9.650	\$ 10.155									
<b>Transportation</b> \$ 14.891	\$ 14.893									
<b>Treasury</b> \$ 16.488	\$ 16.880									
<b>VA/HUD</b> \$ 83.683	\$ 84.159									
<b>Total 302(b) Allocations/ FY 2002 Budget Request</b> \$658.792	\$661.300									

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### III. NEW LEGISLATION

#### HOUSE

Number	Short title	Date	Sponsor	Key Provisions	Status
<b>H.R.2141</b>	<b>Department of Defense Energy Reduction Act of 2001</b>	June 12	Mike Thompson (D/CA) <i>Committee on Armed Services, Subcommittee on Military Installations and Facilities</i>	<i>Authorizes Secretary of Defense to require all facilities in Western region to reduce energy consumption by eliminating non-essential activities that use significant amounts of electric energy without jeopardizing military readiness or public health and safety, and no lay-offs of military or civilian personnel;</i> Requires that President authorize DOD to use any DOD-owned or operated electric facility in Western Systems Coordinating Council of North American Electric Reliability Council region to assist in relieving energy demand during electric power emergencies.	Referred to the Committees on Armed Services and Energy and Commerce
<b>H.R.2147</b>	<b>Save America's Valuable Energy Resources Act of 2001</b>	June 13	Jerry Weller (R/IL) <i>Committee on Ways and Means</i>	Amends <i>Internal Revenue Code of 1986</i> : Allows credit for energy efficiency improvements to existing homes equal to 20 percent of amount paid or incurred by taxpayer for qualified energy efficiency improvements installed during taxable year; Credit will not exceed \$2,000 per dwelling; Allows businesses credit for construction of new energy efficient homes equal to the aggregate adjusted bases of all energy efficient property installed by contractor in qualified new energy efficient homes; Credit not to exceed \$2,000 per dwelling.	Referred to the Committee on Ways and Means
<b>H.R.2174</b>	<b>Robert S. Walker and George E. Brown, Jr. Hydrogen Energy Act of 2001</b>	June 14	Ken Calvert (R/CA) <i>Committee on Resources, Subcommittee on Water and Power; Committee on Science, Subcommittee on Energy and</i>	Directs DOE to conduct research, development, and demonstration activities leading to production, storage, transportation, and use of hydrogen for industrial, commercial, residential, transportation, and utility applications;	Referred to the Committee on Science

Number	Short title	Date	Sponsor	Key Provisions	Status
			<i>Environment, Chairman; Renewable Energy and Energy Efficiency Caucus</i>	Directs DOE, with participation of Federal, state, and local agencies, and members of energy, transportation, and other industries, to develop program of technology assessment, information dissemination, and education; Directs DOE to conduct hydrogen research and development program relating to production, storage, transportation, and use of hydrogen to demonstrate technical feasibility of using hydrogen for industrial, commercial, residential, transportation, and utility applications; Makes appropriations for FY2002 through FY2006 for research, development, and demonstration.	
<b>H.R.2179</b>	<b><i>Renewable Energy Act for Credit on Taxes</i></b>	June 14	Susan Davis (D/CA)	Amends <i>Internal Revenue Code of 1986</i> : Provides credit equal to 35 percent of expenditures for renewable energy property made by individual taxpayer during taxable year; Credit not to exceed (1) \$6,000 (\$50,000 in case of renewable energy property used for nonresidential business purposes) for each system of renewable energy property, or (2) \$4.50 per watt of rated system electricity output or equivalent.	Referred to the Committee on Ways and Means
<b>H.R.2184</b>	<b><i>Preserving Our World's Energy and Resources Act of 2001</i></b>	June 14	Eliot Engel (D/NY) <i>Committee on Energy and Commerce</i>	Amends <i>Internal Revenue Code of 1986</i> : Provides credit for investments in certain renewable resource property (solar energy, wind, and geothermal deposits) and cool roof property.	Referred to the Committees Ways and Means; Energy and Commerce
<b>H.R.2190</b>	<b><i>Renewable Energy Production Incentive Reform Act</i></b>	June 14	Karen McCarthy (D/MO) <i>Committee on Energy and Commerce, Subcommittee on Energy and Power</i>	<b>Amends Section 1212 of Energy Policy Act of 1992. Revises Renewable Energy Production Incentive Program: authorizes DOE to establish other procedures necessary for efficient</b>	Referred to the Committee on Energy and Commerce



Number	Short title	Date	Sponsor	Key Provisions	Status
				administration of program; Adds landfill gas and incremental hydropower to the list of electric energy sources used by electricity-generating cooperative; Extends eligibility period for payments for electricity generated from qualified renewable energy facility until October 1, 2013.	
<i>H.R.2204</i>	<i>Consumer Energy Commission Act of 2001</i>	June 14	Bobby Rush (D/IL) <i>Committee on Energy and Commerce, Subcommittee on Energy and Power</i>	Establishes Consumer Energy Commission to conduct nationwide study of significant price spikes in major U.S. consumer energy products during 10 years preceding date of enactment of this Act.	Referred to the Committee on Energy and Commerce

## SENATE

*No new legislation of interest to FEMP*

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## IV. ADMINISTRATION INITIATIVES

**DOE PUBLIC HEARINGS** In response to the White House energy plan that was issued on May 17, the Secretary of Energy announced **a series of public meetings to obtain input on the Department's energy efficiency and renewable energy programs**. Results of the public meeting will be part of an overall strategic review of the Department's energy efficiency and renewable energy research and development programs and will serve as the foundation for the Administration's request for funding that are "performanced-based and modeled as public-private partnerships." The Secretary has requested that a final report be delivered to him on September 1, 2001. For additional information on the public meetings, visit the DOE web site at [www.eren.doe.gov/eere/publicmeetings.html](http://www.eren.doe.gov/eere/publicmeetings.html)

**ADMINISTRATION DENIES FUEL WAIVER** Last week, the Environmental Protection Agency denied the State of California's request for a waiver from the *Clean Air Act* requirement for reformulated gasoline. In rejecting the request, Administrator Christine Whitman said, "We cannot grant a waiver for California since there is not clear evidence that a waiver will help California to reduce harmful levels of air pollutants." Governor Gray Davis (D) maintains that consumers will be subjected to a 50 cent per gallon increase without the waiver. Secretary of Agriculture Ann Veneman last week agreed with the Administration's position; she said that she had been informed by Departmental economists that increased use of ethanol, the most popular type of reformulated gasoline, would not lead to increased prices and would in fact provide Western farmers an "opportunity" to produce the fuel.

**CLIMATE CHANGE** Last week, President Bush offered some remarks in conjunction with the release of a Cabinet-level report on climate change. The President said, "Climate change, with its potential to impact

every corner of the world, is an issue that must be addressed by the world.” He offered an analysis of what the National Academy of Science does and does not know on the subject based on its report to the President. President Bush also criticized the Kyoto Protocol as “fatally flawed.”

For the complete text of President Bush’s remarks, go to [www.whitehouse.gov/news/releases/2001/06/20010611-2.html](http://www.whitehouse.gov/news/releases/2001/06/20010611-2.html).

The Cabinet report, which the President requested three months ago, describes current U.S. efforts to address climate change, analyzes the Kyoto Protocol, suggests methods to promote climate change science and technology, and discusses cooperation in the Western Hemisphere and the world. It proposes two initiatives:

- ***National Climate Change Technology Initiative (joint effort between the Departments of Commerce and Energy)***
  - Evaluate current status of technology
  - Provide guidance for basic research
  - Enhance private-public partnerships
  - Make recommendations for funding for demonstration projects
  - Develop improved technology for measuring and monitoring greenhouse gas emissions
  
- ***U.S. Climate Change Research Initiative***
  - Coordinate and prioritize investment in climate change research (Department of Commerce)
  - Challenge the major greenhouse gas emitting countries to invest similarly
  - Provide \$25 million for climate observation systems in developing countries
  - Propose a joint venture with the European Union, Japan, and others for advanced climate modeling

To review the report, go to [www.whitehouse.gov/news](http://www.whitehouse.gov/news) and click on “Climate Change Review – Initial Report”.

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## V. HEARINGS SCHEDULE

### HOUSE – APPROPRIATIONS

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<i>Week of June 18 (Tentative)</i> – Subcommittee on Energy and Water Development ( <b>NEW</b> )	Sonny Callahan (R/AL)	<b>Mark-up – FY 2002 Appropriations for Energy and Water Development (includes DOE’s renewable energy programs)</b>	N/A	Time – TBA Rayburn Office Building

## HOUSE – AUTHORIZATIONS/OVERSIGHT

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<b>June 20</b> – Committee on the Budget ( <b>NEW</b> )	Jim Nussle (R/IA)	<b>Hearing – Budget impact of the White House energy plan from an economic and policy perspective</b>	DOE Deputy Secretary – Francis Blake, Chairman of Council of Economic Advisors – Glenn Hubbard; and representatives from Silicon Valley Manufacturing Association; Citizens for Pennsylvania’s Future, American Legislative Exchange Council, and The Heritage Foundation	10:00 a.m. Room 210 Cannon Office Building
<b>June 21</b> – Committee on Science ( <b>NEW</b> )	Sherwood Boehlert (R/NY)	<b>Hearing – White House energy plan</b>	Secretary Abraham	10:00 a.m. Room 2318 Rayburn Office Building
<b>June 22</b> – Subcommittee on Energy and Air Quality (Committee on Energy and Commerce) ( <b>NEW</b> )	Joe Barton (R/TX)	<b>Hearing – White House Energy Plan (focus will be on the energy efficiency provisions)</b>	TBA	9:30 a.m. Room 2123 Rayburn Office Building

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## HOUSE – FLOOR ACTIVITIES

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<b>June 20</b> – Floor Action ( <b>NEW</b> )	N/A	<b>Debate – FY 2001 Supplemental (includes additional funding for DOD electric power needs and energy efficiency improvements)</b>	N/A	Time – TBA House Chamber – The Capitol
<b>June 21 or 22</b> – Floor ( <b>NEW</b> )	N/A	<b>Debate – FY 2002 Appropriations bill for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies</b>	N/A	Time – TBA House Chamber – The Capitol

## SENATE – APPROPRIATIONS

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<i>June 20</i> - Subcommittee on Veterans' Administration, Housing and Urban Development, and Independent Agencies	Christopher Bond (R/MO)	<b>Hearing</b> – Proposed FY 2002 budget estimate for the Department of Housing and Urban Development	TBA	10:00 a.m. Room 138 Dirksen Office Building

## SENATE – AUTHORIZATIONS/OVERSIGHT

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<i>June 19</i> – Committee on Energy and Natural Resources <b>(NEW)</b>	Jeff Bingaman (D/NM)	<b>Hearing – Utility price caps</b>	TBA – Representatives from the Federal Energy Regulatory Committee	9:30 a.m. Room 106 Dirksen Office Building
<i>June 20</i> – Committee on Governmental Affairs	Joseph Lieberman (D/CT)	<b>Hearing – Federal Energy Regulatory Commission's responsibility in providing just and reasonable energy rates to consumers</b>	TBA	Time –TBA Room 485 Russell Office Building
<i>June 21</i> – Committee on Energy and Natural Resources <b>(NEW)</b>	Jeff Bingaman (D/NM)	<b>Hearing</b> – Reformulated gas	TBA	9:30 a.m. Room 106 Dirksen Office Building

## SENATE – CONFIRMATION

*No candidate hearings or votes of interest are scheduled for this week.*

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